

**PUBLIC ROUNDTABLE**  
**BILL 15-1, “REAL PROPERTY CLASSIFICATION**  
**CLARIFICATION ACT OF 2003”**

**Before the**  
**Committee on Finance and Revenue**  
**Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**February 3, 2003, 10:00 a.m.**  
**Council Chambers**



**Testimony of**  
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Good morning, Chairman Evans and members of the Committee on Finance and Revenue. I am Daniel Black, acting deputy chief financial officer for Tax and Revenue (OTR). With me today is Henry Riley, director of OTR's Real Property Tax Administration. We are pleased to appear before you this morning to provide comments on Bill 15-1, the "Real Property Classification Clarification Act of 2003."

Bill 15-1 is the permanent version of emergency legislation that was approved by the Council of the District of Columbia on Dec. 3, 2002, and which became effective Dec. 17, 2002. Under these measures, a new class 3 property tax rate is created for vacant commercial and residential properties in the District. The class 3 rate is \$5.00 per \$100 of assessed value of a vacant property. The establishment of the class 3 property tax rate is, in fact, a reinstitution of the old class 5 rate, which was rescinded by the Council under the Tax Parity Act of 1999.

Last month, OTR mailed notifications about the new tax rate to owners of 5,300 properties identified by the District as vacant. The letters included a form that provided lists of statutory exceptions that allow the property to receive the lower class 1 or class 2 tax rate. The class 1 rate is for residential properties, including multi-family properties, and is 96 cents per \$100 of assessed value. Class 2 covers commercial and industrial property, including hotels and motels, and is \$1.85 per \$100 of assessed value.

To qualify for a lower tax rate in time for the first half 2003 property tax billing, each property owner was required to submit a completed exception form along with supporting documentation to the Real Property Tax Administration by Jan. 21, 2003.

To date, we have received 559 exception forms, which are currently under review. Though the deadline has passed, OTR will continue to process exception requests that are postmarked Jan. 21, 2003. First-half 2003 bills will be mailed in the next couple of weeks.

Information about the class 3 tax rate, including exception forms, is available via the Chief Financial Officer's Web site at [www.cfo.dc.gov](http://www.cfo.dc.gov), under Taxpayer Services/Real Property Service Center.

The District has an ongoing program of identifying and addressing vacant properties, with the ultimate goal of seeing that such properties are rehabilitated and returned to the residential and commercial building markets. OTR works cooperatively with the Department of Consumer and Regulatory Affairs (DCRA) in this effort, though the agencies have different and distinct roles in processing vacant properties, pursuant to the law.

Generally, DCRA identifies vacant properties through its survey and inspection process. DCRA composes a list of the properties to enter into its database and then certifies the vacant property list to OTR. OTR then sends the vacant property verification notice of the class 3 change, with the exceptions appeal form, to all property owners from the DCRA list. From responses to this mailing, OTR will record the property's tax class as 1, 2 or 3 and will bill separately for prior tax

years, up to three prior years. This process allows for efficient processing of vacant property notifications and billings.

It is important that the listing of vacant properties be kept up-to-date, for tax purposes and in the interest of protecting the quality of life in District communities. To this end, we encourage citizens to inform the District of a change in status of a property, from occupied to vacant, and vice versa. Property information should include an accurate address, as well as square and lot numbers whenever possible. OTR and DCRA are in the process of establishing a single Internet site to receive vacant property reports, and we hope to have the site up and running very shortly.

Mr. Chairman, I thank you for this opportunity to testify on Bill 15-1. We are available for any questions you may have.

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